



Form 10-Q

BALQON CORP. - BLQN

Filed: May 22, 2009 (period: March 31, 2009)

Quarterly report which provides a continuing view of a company's financial position

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2009**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-52337**

BALQON CORPORATION

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

33-0989901
(I.R.S. Employer
Identification No.)

1420 240th Street, Harbor City, California, 90710
(Address of principal executive offices) (Zip Code)

(310) 326-3056
(Registrant's telephone number, including area code)

1701 E. Edinger Avenue, Unit E-3, Santa Ana, California 92705
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter periods that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 20, 2009, there were 25,518,348 shares of the issuer's common stock issued and outstanding.

CAUTIONARY STATEMENT

All statements included or incorporated by reference in this Quarterly Report on Form 10-Q, other than statements or characterizations of historical fact, are “forward-looking statements.” Examples of forward-looking statements include, but are not limited to, statements concerning projected net sales, costs and expenses and gross margins; our accounting estimates, assumptions and judgments; the demand for our products; the competitive nature of and anticipated growth in our industry; and our prospective needs for additional capital. These forward-looking statements are based on our current expectations, estimates, approximations and projections about our industry and business, management’s beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by such words as “anticipates,” “expects,” “intends,” “plans,” “predicts,” “believes,” “seeks,” “estimates,” “may,” “will,” “should,” “would,” “could,” “potential,” “continue,” “ongoing,” similar expressions and variations or negatives of these words. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors, some of which are set forth in the “Risk Factors” section of our Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission, or SEC, on May 22, 2009, which could cause our financial results, including our net income or loss or growth in net income or loss to differ materially from prior results, which in turn could, among other things, cause the price of our common stock to fluctuate substantially. These forward-looking statements speak only as of the date of this report. We undertake no obligation to revise or update publicly any forward-looking statement for any reason, except as otherwise required by law.

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ITEM 1. FINANCIAL STATEMENTS

BALQON CORPORATION
CONDENSED BALANCE SHEETS

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 39,749	\$ 355,615
Accounts receivable	775,750	—
Inventories	724,992	1,159,601
Prepaid expenses	21,962	43,020
Total current assets	1,562,453	1,558,236
Property and equipment	90,721	89,393
Other assets:		
Deposits	33,641	33,641
Intangible production costs, net of \$31,160 and \$15,580 of accumulated amortization, respectively	155,805	171,385
Goodwill	166,500	166,500
Total assets	<u>\$ 2,009,120</u>	<u>\$ 2,019,155</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,281,137	\$ 1,225,807
Loan payable, Bridge Bank	497,038	—
Notes payable to related parties	100,000	100,875
Advances from shareholder	25,877	34,877
Billings in excess of costs and estimated earnings on uncompleted contracts	2,604	2,604
Total current liabilities	1,906,656	1,364,163
Long-term liabilities		
Senior secured convertible promissory notes, net of discount	—	—
Total liabilities	1,906,656	1,364,163
SHAREHOLDERS' EQUITY		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 25,518,348 shares issued and outstanding		
	25,518	25,518
Additional paid in capital	8,700,329	8,650,329
Accumulated deficit	(8,623,383)	(8,020,855)
Total shareholders' equity	102,464	654,992
Total liabilities and shareholders' equity	<u>\$ 2,009,120</u>	<u>\$ 2,019,155</u>

The accompanying notes are an integral part of these condensed financial statements.

BALQON CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (Unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
REVENUES	\$ 776,650	\$ 60,000
COST OF REVENUES	747,620	11,446
GROSS PROFIT	29,030	48,554
OPERATING EXPENSES:		
General and administrative	546,125	104,794
Research & development	60,945	—
Depreciation and amortization	23,238	—
Total operating expenses	630,308	104,794
Loss from operations	(601,278)	(56,240)
Interest expense	(1,250)	—
NET LOSS	<u>\$ (602,528)</u>	<u>\$ (56,240)</u>
Net loss per share-basic and diluted	<u>\$ 0.02</u>	<u>\$ 0.00</u>
Weighted average shares outstanding, basic and diluted	<u>25,518,348</u>	<u>16,667,000</u>

The accompanying notes are an integral part of these condensed financial statements.

BALQON CORPORATION
CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2009 (Unaudited)

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
Balance, December 31, 2008	25,518,348	\$ 25,518	\$ 8,650,329	\$ (8,020,855)	\$ 654,992
Fair value of beneficial conversion feature and warrants, recorded as note discount			50,000		50,000
Net loss	—	—	—	(602,528)	(602,528)
Balance, March 31, 2009 (unaudited)	<u>25,518,348</u>	<u>\$ 25,518</u>	<u>\$ 8,700,329</u>	<u>\$ (8,623,383)</u>	<u>\$ 102,464</u>

The accompanying notes are an integral part of these condensed financial statements.

BALQON CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (Unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
Cash flow from operating activities:		
Net loss	\$ (602,528)	\$ (56,240)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	23,238	—
Changes in operating assets and liabilities		
Accounts receivable	(775,750)	35,000
Inventories	434,609	—
Prepaid expenses	21,058	—
Accounts payable and accrued expense	55,330	92,969
Billings in excess of costs and estimated earnings on uncompleted contracts	—	(68,975)
Net cash provided by (used in) operating activities	<u>(844,043)</u>	<u>2,754</u>
Cash flows from investing activities:		
Acquisition of furniture, equipment and software	(8,986)	—
Net cash used in investing activities	<u>(8,986)</u>	<u>—</u>
Cash flows from financing activities:		
Net proceeds on loan payable	497,038	—
Proceeds from senior secured promissory notes	50,000	—
Repayment of note payable to related party	(875)	—
Advances from shareholder	(9,000)	2,448
Net cash provided by financing activities	<u>537,163</u>	<u>2,448</u>
Increase (decrease) in cash and cash equivalents	(315,866)	5,202
Cash and cash equivalents, beginning of period	355,615	34
Cash and cash equivalents, end of period	<u><u>\$ 39,749</u></u>	<u><u>\$ 5,236</u></u>
Supplemental cash flow information		
Interest paid	\$ —	\$ —
Income taxes paid	\$ —	\$ —
Supplemental non-cash investing and financing information		
Fair value of beneficial conversion and warrants recorded as note discount	<u><u>\$ 50,000</u></u>	<u><u>\$ —</u></u>

The accompanying notes are an integral part of these condensed financial statements.

BALQON CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

The Company

Balqon Corporation (the “Company”) was incorporated on April 21, 2005 as a California corporation and commenced business operations in 2006. The Company develops, assembles and markets heavy-duty electric vehicles, flux vector inverters and heavy-duty electric drive systems.

On July 11, 2008, the Company signed a term sheet in which the Company agreed to merge with BMR Solutions, Inc., a Nevada corporation (“BMR”). On October 24, 2008, the Company completed the merger with BMR. Pursuant to the merger agreement, the issued and outstanding common shares of the Company were exchanged on a one-for-one basis for common shares of BMR. After the merger was completed, the Company’s shareholders own approximately 94% of the outstanding shares of common stock of BMR and the original shareholders of BMR own approximately 6% of the outstanding shares of common stock of BMR, not including warrants. The transaction was accounted for as a reverse merger (recapitalization) with the Company deemed to be the accounting acquirer and BMR deemed to be the legal acquirer. Upon the closing, BMR changed its name to Balqon Corporation. The financial statements presented herein are those of the accounting acquirer given the effect of the issuance of 1,400,000 shares of common stock upon completion of the transaction and reflecting the net liabilities assumed of BMR of \$40,365 as a cost of the reverse merger. In addition, the Company incurred expenses of \$374,019 in connection with the reverse merger.

Going Concern

For the three months ended March 31, 2009 and for the year ended December 31, 2008, the Company recorded net losses of \$602,528 and \$7,933,281, respectively, and had a working capital deficit of \$344,503, and an accumulated deficit of \$8,623,383 at March 31, 2009. These matters raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty. The Company intends to raise funds to finance operations until the Company achieves profitable operations. The Company’s capital requirements for the next 12 months, as they relate to the production of our products will continue to be significant. If adequate funds are not available to satisfy either medium or long-term capital requirements, our operations and liquidity could be materially adversely affected and we could be forced to cut back our operations. Subsequent to March 31, 2009, the Company received \$315,000 from the issuance of subordinated unsecured convertible promissory notes. (See Note 10).

BALQON CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation of Unaudited Financial Information

The unaudited financial statements of the Company for the three months ended March 31, 2009 and 2008 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-K for scaled disclosures for smaller reporting companies. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in United States of America for complete financial statements. However, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for the fair presentation of the financial position and the results of operations. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full fiscal year. The condensed balance sheet information as of December 31, 2008 was derived from the audited financial statements included in the Company's restated financial statements as of and for the years ended December 31, 2008 and 2007 included in Amendment No. 1 to Form 10-K filed with the SEC on May 22, 2009. These financial statements should be read in conjunction with that report.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Material estimates relate to the recognition of contract revenues and estimated costs to complete contracts in process, and recoverability of reported amounts of long-lived assets. Actual results may differ from those estimates.

Revenues

Contract Revenue and Cost Recognition on Prototype Vehicles

In accounting for contracts, the Company follows the provisions of the AICPA's Statement of Position 81-1 – Accounting for Performance of Construction-Type and Certain Production-Type Contracts. The Company recognizes revenues using the percentage-of-completion method of accounting by relating contract costs incurred to date to the total estimated costs at completion. This method is used because management considers costs to be the best available measure of progress on its contracts. Contract losses are provided for in their entirety in the period that they become known, without regard to the percentage-of-completion. The Company also recognizes as revenues costs associated with claims and unapproved change orders to the extent it is probable that such claims and change orders will result in additional contract revenue, and the amount of such additional revenue can be reliably estimated.

Contract costs include all direct material and labor costs. The liability "billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues earned.

BALQON CORPORATION

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues (continued)

Sales of Production Units and Parts

The Company recognizes revenue from the sale of completed production units and parts when there is persuasive evidence that an arrangement exists, delivery of the product has occurred and title has passed, the selling price is both fixed and determinable, and collectibility is reasonably assured, all of which generally occurs upon shipment of the Company's product or delivery of the product to the destination specified by the customer.

The Company determines whether delivery has occurred based on when title transfers and the risks and rewards of ownership have transferred to the buyer, which usually occurs when the Company places the products with the buyer's carrier. The Company regularly reviews its customers' financial positions to ensure that collectibility is reasonably assured. Except for warranties, the Company has no post-sales obligations.

Product Warranties

The Company provides limited warranties for parts and labor at no cost to its customers within a specified time period after the sale. The Company estimates the actual historical warranty claims coupled with an analysis of unfulfilled claims at the balance sheet date. As of March 31, 2009, the Company had no warranty reserve nor did it incur warranty expenses during the three month periods ended March 31, 2009 or 2008.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally on a first-in-first-out average cost basis. Inventories consist of the following:

	March 31, 2009 (unaudited)	December 31, 2008
Raw materials	\$ 624,613	\$ 1,044,816
Work in process	100,379	—
In-transit	—	114,785
	<u>\$ 724,992</u>	<u>\$ 1,159,601</u>

Goodwill and Intangible Assets

As required by Statement of Financial Accounting Standards ("SFAS") No. 142, management performs impairment tests of goodwill and indefinite-lived intangible assets whenever an event occurs or circumstances change that indicate impairment has more likely than not occurred. Also, as required by SFAS No. 142, management performs impairment testing of goodwill and indefinite-lived intangible assets at least annually.

BALQON CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill and Intangible Assets (continued)

In accordance with SFAS No. 142, management tests goodwill for impairment at the reporting unit level. The Company has only one reporting unit. At the time of goodwill impairment testing, management determines fair value through the use of a discounted cash flow valuation model incorporating discount rates commensurate with the risks involved its reporting unit. If the calculated fair value is less than the current carrying value, impairment of the Company may exist. The use of a discounted cash flow valuation model to determine estimated fair value is common practice in impairment testing in the absence of available domestic and international transactional market evidence to determine the fair value. The key assumptions used in the discounted cash flow valuation model for impairment testing include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates are set by using the Weighted Average Cost of Capital (“WACC”) methodology. The WACC methodology considers market and industry data as well as Company-specific risk factors for each reporting unit in determining the appropriate discount rates to be used. The discount rate utilized is indicative of the return an investor would expect to receive for investing in such a business. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and cash flow projections for the Company. Terminal value rate determination follows common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and low long-term growth rates. As an indicator that each reporting unit has been valued appropriately through the use of the discounted cash flow valuation model, the aggregate fair value of all reporting units is reconciled to the total market capitalization of the Company. The discounted cash flow valuation methodology and calculations will be used in 2009 impairment testing. The Company’s first measurement period will be in the third quarter of 2009.

Impairment of Long-Lived Assets

SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” establishes guidelines regarding when impairment losses on long-lived assets, which include property and equipment, should be recognized and how impairment losses should be measured. This statement also provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale. The Company periodically reviews, at least annually, such assets for possible impairment and expected losses. If any losses are determined to exist they are recorded in the period when such impairment is determined. Based upon management’s assessment, there are no indicators of impairment of the Company’s long lived assets at March 31, 2009 or December 31, 2008.

BALQON CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss Per Share

Basic loss per share has been computed using the weighted average number of common shares outstanding and issuable during the period. Diluted loss per share is computed based on the weighted average number of common shares and all common equivalent shares outstanding during the period in which they are dilutive. Common equivalent shares consist of shares issuable upon the exercise of stock options or warrants. As of March 31, 2009, common stock equivalents composed of options convertible into 4,562,592 shares of the Company's common stock, warrants convertible into 3,058,778 shares of the Company's common stock and notes convertible into 50,000 shares of the Company's common stock. For the three month periods ended March 31, 2009 and 2008, common stock equivalent shares have been excluded from the calculation of loss per share as their effect is anti-dilutive.

Stock-Based Compensation

The Company periodically issues stock purchase options to employees and non-employees in non-capital raising transactions for services rendered, for financing costs and on a merit basis. Stock purchase options issued to nonemployees are issued as warrants with the warrants sharing the same vesting and exercise attributes of the company's stock purchase options issued to employees.

The Company accounts for stock option and warrant grants issued and vesting to employees using SFAS No. 123(R), "Share-Based Payment" effective January 1, 2006, for all share-based payments granted based on the requirements of SFAS No. 123(R) for all awards granted to employees.

The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with Emerging Issues Task Force ("EITF") Issue No. 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services" and EITF Issue No. 00-18, "Accounting Recognition for Certain Transactions involving Equity Instruments Granted to Other Than Employees" whereas the value of the stock compensation is based upon the measurement date as determined at either (i) the date at which a performance commitment is reached, or (ii) at the date at which the necessary performance to earn the equity instruments is complete.

Concentrations

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and unsecured accounts receivable.

The Company maintains cash balances at one bank. At times, the amount on deposit exceeds the federally insured limits. Management believes that the financial institution that holds the Company's cash is financially sound and, accordingly, minimal credit risk exists.

For the three months ended March 31, 2009 and 2008, revenues are from contracts with the City of Los Angeles and the South Coast Air Quality Management District ("AQMD").

For the three months ended March 31, 2009 14.8% of cost of sales incurred were to a single vendor. At March 31, 2009, accounts payable to this vendor represented 25.7% of total accounts payable. At March 31, 2009, three other vendors had balances representing 31%, 18%, and 9%, respectively, of total accounts payable.

BALQON CORPORATION

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In December 2007, SFAS No. 141R, “Business Combinations (revised 2007)” was issued. SFAS No. 141R replaces SFAS No. 141, “Business Combinations.” SFAS No. 141R requires the acquirer of a business to recognize and measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at fair value. SFAS No. 141R also requires transactions costs related to the business combination to be expensed as incurred. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The effective date, as well as the adoption date for the Company was January 1, 2009. Although SFAS No. 141R may impact our reporting in future financial periods, the Company has determined that the standard did not have any impact on its historical consolidated financial statements at the time of adoption.

In April 2008 the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position (“FSP”) No. 142-3, “Determination of the Useful Life of Intangible Assets,” which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142. This pronouncement requires enhanced disclosures concerning a company’s treatment of costs incurred to renew or extend the term of a recognized intangible asset. FST 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The effective date, as well as the adoption date for the Company was January 1, 2009. Although FSP 142-3 may impact the Company’s reporting in future financial periods, the Company has determined that the standard did not have any impact on its historical consolidated financial statements at the time of adoption.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company’s present or future consolidated financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment are comprised as follows:

	March 31, 2009	December 31,
	(Unaudited)	2008
Computer equipment and software	\$ 61,376	\$ 52,390
Office furniture	26,725	26,725
Machinery	6,395	6,395
Leasehold improvements	21,711	21,711
Total property and equipment, cost	116,207	107,221
Less: accumulated depreciation	(25,486)	(17,828)
Property and equipment, net	<u>\$ 90,721</u>	<u>\$ 89,393</u>

Depreciation and amortization expense on property and equipment for the three months ended March 31, 2009 and 2008 was \$7,658 and \$0, respectively.

BALQON CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009

NOTE 3 – BUSINESS ACQUISITION

On September 9, 2008, the Company acquired certain assets of Electric Motor Sports, LLC (“EMS”), an Ohio limited liability company that was owned by Mr. Robert Gruenwald. The assets acquired included goodwill and intellectual properties used in the development and manufacture of flux vector inverters.

Prior to the acquisition of the EMS assets, EMS was a supplier of flux vector inverters that were used to develop the Company’s first electric vehicle prototype, the Nautilus E30. EMS had been in the business of developing, manufacturing and selling flux vector inverters since 1997. The Company also was contracting with EMS to provide engineering design services that were delivered by EMS’ sole member, Robert Gruenwald.

The expenses of EMS during the period since the acquisition are primarily the salary and related benefits of the Company’s Vice President Research and Development, Mr. Robert Gruenwald.

The following unaudited pro forma operating data shown below presents the results of operations for the three months ended March 31 2008, as if the acquisition of EMS had occurred on the last day of the immediately preceding fiscal period. Accordingly, transaction costs related to the acquisition are not included in the loss from operations shown below. The pro forma results are not necessarily indicative of the financial results that might have occurred had the acquisition actually taken place on the respective dates, or of future results of operations.

	March 31, 2008 (Unaudited)
Revenues	\$ 123,000
Net loss	\$ (66,000)
Net loss per share-basic and diluted	\$ (0.00)
Weighted average shares outstanding-basic and diluted	16,667,000

NOTE 4 – LOAN PAYABLE – BRIDGE BANK

On February 25, 2009, the Company executed a Business Financing Agreement, dated February 18, 2009, with Bridge Bank, National Association (the “Lender”) (the “Initial Agreement”). On February 27, 2009, the Company executed a Business Financing Modification Agreement, dated February 26, 2009, which modified the Initial Agreement (the “Modification Agreement,” and together with the Initial Agreement, the “Credit Agreement”). The Credit Agreement provides the Company with an accounts receivable based credit facility in the aggregate amount of up to \$5,000,000 (the “Credit Facility”). Under the terms of the Credit Agreement, the Company may not borrow in excess of \$500,000 unless and until the Company receives an executed term sheet with respect to an equity financing of at least \$2,500,000 on terms and conditions acceptable to the Lender. At March 31, 2009, \$497,038 was outstanding and \$2,962 was available under the terms of the Credit Facility.

BALQON CORPORATION

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

NOTE 4 – LOAN PAYABLE – BRIDGE BANK (continued)

The Credit Facility is formula-based and generally provides that the outstanding borrowings under the Credit Facility may not exceed an aggregate of 80% of eligible accounts receivable. The Company must immediately pay any advance made under the Credit Facility within 90 days of the earlier of (i) the invoice date of the receivable that substantiated the advance or (ii) the date on which the advance was made. The Credit Facility is secured by a continuing first priority security interest in all the Company's personal property (subject to customary exceptions). Interest on the Credit Facility is payable monthly, at the per annum prime rate as published by the Lender plus two percentage points, subject to a minimum rate of 6.0% per annum (6% at March 31, 2009). The Credit Agreement matures on February 24, 2010 and may be terminated at any time by either party to the Credit Agreement.

NOTE 5 - UNSECURED SUBORDINATED CONVERTIBLE PROMISSORY NOTES

The amounts payable under these notes, less the beneficial conversion feature attributable to the value of the warrants is as follows:

	March 31, 2009 (unaudited)	December 31, 2008
Subordinated unsecured convertible notes payable, interest at 10% per annum payable quarterly, due March 31, 2012	\$ 50,000	\$ —
Less: beneficial conversion feature attributable to the value of warrants	(50,000)	—
Total notes payable	\$ —	\$ —

In March 2009, the Company entered into agreements with three accredited investors for the sale by the Company of an aggregate of \$50,000 of 10% Unsecured Subordinated Convertible Promissory Notes which are convertible into an aggregate of 50,000 shares of the Company's common stock at a conversion price of \$1.00 per share of common stock, subject to adjustment. Additionally, the Company issued three-year warrants to purchase an aggregate of 50,000 shares of the Company's common stock at an exercise price of \$1.50 per share. The conversion price is only subject to adjustment based on stock splits, stock dividends, spin-off, rights offering, or recapitalization through a large, nonrecurring cash dividend.

The Company determined that the relative fair value of the warrants was \$31,132. The relatively fair value was determined using the methodology prescribed by APB No. 14, "Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants." The Company determined the initial fair value of the beneficial conversion feature was approximately \$18,868. These amounts were calculated by a Black-Scholes option pricing model using as assumptions an expected life of 3 years, an industry volatility of 54.39%, a risk free interest rate of 1.15%, and no expected dividend yield. The relative value of the warrants of \$31,132 and the beneficial conversion feature of \$18,868 was recorded by the Company as a loan discount of \$50,000, which the Company will amortize to interest expense over the original life of the loan. At March 31, 2009, the total discount of \$50,000 is offset against the balance of the convertible notes.

BALQON CORPORATION

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

NOTE 6 – NOTE PAYABLE - RELATED PARTIES, UNSECURED

Note payable, unsecured, consists of the following at:

	March 31, 2009 (Unaudited)	December 31, 2008
Notes payable to a shareholder, un secured, interest at 6% per annum payable at maturity, due December 6, 2008	\$ —	\$ 875
Note payable to a shareholder, issued in conjunction with the acquisition of EMS (see Note 3), unsecured, interest at the prime rate (5% at March 31, 2009) per annum, payable at maturity, due in two principal installments: \$50,000 on May 15, 2009 and \$50,000 on June 15th, plus interest.	100,000	100,000
Total notes payable	\$ 100,000	\$ 100,875

NOTE 7 – INCOME TAXES

At March 31, 2009, the Company had available Federal and state net operating loss carryforwards to reduce future taxable income. The amounts available were approximately \$8,789,000 for Federal and for state purposes. The Federal carryforward expires in 2028 and the state carryforward expires in 2018. Given the Company’s history of net operating losses, management has determined that it is more likely than not the Company will be able to realize the tax benefit of the carryforwards.

Accordingly, the Company has not recognized a deferred tax asset for this benefit. Upon the attainment of taxable income by the Company, management will assess the likelihood of realizing the tax benefit associated with the use of the carryforwards and will recognize a deferred tax asset at that time.

SFAS No. 109 requires that a valuation allowance be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

Significant components of the Company’s deferred income tax assets are as follows:

	March 31, 2009 (Unaudited)
Deferred income tax asset:	
Net operating loss carryforward	\$ 3,498,000
Valuation allowance	(3,498,000)
Net deferred income tax asset	\$ —

Reconciliation of the effective income tax rate to the U.S. statutory rate is as follows:

	Three Months Ended March 31, 2009
Tax expense at the U.S. statutory income tax	(34.0)%
State tax net of federal tax benefit	(5.8)%
Effective tax rate	39.8%

BALQON CORPORATION

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

NOTE 7 – INCOME TAXES (continued)

Effective January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, “Accounting for Uncertainty in Income Taxes (“FIN 48”) — an interpretation of FASB Statement No. 109, Accounting for Income Taxes .” The Interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. At the date of adoption, and as of March 31, 2009, the Company does not have a liability for unrecognized tax benefits.

NOTE 8 – STOCK OPTIONS AND WARRANTS

Stock Options

At March 31, 2009, options shares outstanding are as follows:

	Shares	Average Exercise Price
Balance at January 1, 2009	4,562,592	\$ 2.00
Granted	—	—
Exercised	—	—
Cancelled	—	—
Balance at March 31, 2009 (unaudited)	4,562,592	\$ 2.00

The following table summarizes information about stock options outstanding and exercisable as of March 31, 2009:

	Options Outstanding			Options Exercisable	
	Range of Exercise Prices	Number of Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Number of Shares
\$ 1.50	1,520,864	\$ 1.50	1.0	1,520,864	\$ 1.50
\$ 2.00	1,520,864	\$ 2.00	2.0	1,520,864	\$ 2.00
\$ 2.50	1,520,864	\$ 2.50	3.0	1,520,864	\$ 2.50
	4,562,592			4,562,592	

At March 31, 2009, the aggregate intrinsic value of the 4,562,592 options outstanding and exercisable was \$3,901,153. At March 31, 2009, all options were vested and there were no unvested options outstanding.

BALQON CORPORATION

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

NOTE 8 – STOCK OPTIONS AND WARRANTS (continued)

Warrants

At March 31, 2009, warrants shares outstanding are as follows:

	Shares	Average Exercise Price
Balance at January 1, 2009	3,008,778	\$ 1.50
Granted	50,000	\$ 1.50
Exercised	—	—
Cancelled	—	—
Balance at March 31, 2009 (unaudited)	3,058,778	\$ 1.50

The following table summarizes information about stock warrants outstanding and exercisable as of March 31, 2009:

Warrants Outstanding				Warrants Exercisable	
Range of Exercise Prices	Number of Shares Underlying Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Number of Shares	Weighted Average Exercise Price
\$ 1.50	2,449,594	\$ 1.50	2.8	2,449,594	\$ 1.50
\$ 2.00	304,592	\$ 2.00	2.0	304,592	\$ 2.00
\$ 2.50	304,592	\$ 2.50	3.0	304,592	\$ 2.50
	3,058,778			3,058,778	

At March 31, 2009, the aggregate intrinsic value of the warrants outstanding and exercisable was \$3,672,462.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

On June 25, 2008, the Company entered into an agreement with the City of Los Angeles to produce and deliver 20 electric yard hostlers, 5 short-haul electric drayage trucks, and associated equipment including chargers, batteries and controllers for a total of \$5,383,750. In September 2008, the Company began work on the first units it intends to produce and expects to deliver all the vehicles and associated equipment to the City of Los Angeles during 2009.

The Company has agreed to pay to each of the City of Los Angeles and the AQMD a royalty fee of \$1,000 per electric vehicle it sells to a purchaser other than the City of Los Angeles or the AQMD.

NOTE 10 - SUBSEQUENT EVENTS

Between April 1, 2009 and May 20, 2009, the Company entered into agreements with 15 accredited investors for the sale by the Company of an aggregate of \$315,000 of 10% Unsecured Subordinated Convertible Promissory Notes which are convertible into an aggregate of 315,000 shares of the Company's common stock at a conversion price of \$1.00 per share of common stock, subject to adjustment. Additionally, the Company issued three-year warrants to purchase an aggregate of 315,000 shares of the Company's common stock at an exercise price of \$1.50 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements and the related notes to financial statements included elsewhere in this report. This report and our financial statements and notes to financial statements contain forward-looking statements, which generally include the plans and objectives of management for future operations, including plans and objectives relating to our future economic performance and our current beliefs regarding revenues we might generate and profits we might earn if we are successful in implementing our business strategies. Our actual results could differ materially from those expressed in these forward-looking statements as a result of any number of factors, including those set forth under the "Risk Factors" section of our Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2008 and elsewhere in this report. The forward-looking statements and associated risks may include, relate to or be qualified by other important factors, including, without limitation:

- the projected growth or contraction in the industries within which we operate;
- our business strategy for expanding, maintaining or contracting our presence in these markets;
- anticipated trends in our financial condition and results of operations; and
- our ability to distinguish ourselves from our current and future competitors.

We do not undertake to update, revise or correct any forward-looking statements.

Any of the factors described above, elsewhere in this report or in the "Risk Factors" section of our Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2008 could cause our financial results, including our net income or loss or growth in net income or loss to differ materially from prior results, which in turn could, among other things, cause the price of our common stock to fluctuate substantially.

Overview

We currently develop, assemble and market heavy-duty electric vehicles, flux vector inverters, and heavy-duty electric drive systems. We currently sell our heavy-duty electric vehicles and plan to begin selling our other products in the near future. In May 2007, we entered into an agreement with the South Coast Air Quality Management District, or AQMD, to develop and test a heavy-duty zero emissions electric drayage tractor. Under the terms of an agreement with the AQMD, which agreement is referred to in this report as the AQMD Development Agreement, the AQMD agreed to pay us up to \$527,000 for the development and testing of the heavy-duty drayage tractor. The Port of Los Angeles agreed with the AQMD to fund 50% of the total development costs. All of our revenues for the three months ended March 31, 2008 were associated with the AQMD Development Agreement. All of our revenues for the three months ended March 31, 2009 were from the sale of a battery charger system and one electric trucks to the Port of Los Angeles. The revenues and costs associated with the AQMD Development Agreement are recorded as contract revenues and costs, in accordance with the AICPA's Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-type Contracts." As such, the costs associated with the development of our demonstration vehicle are recorded as "contract costs," not as research and development expenses.

In June 2008, we received a purchase order from the City of Los Angeles for 20 Nautilus E20 heavy-duty electric yard tractors and five Nautilus E30 drayage tractors. The purchase order from the City of Los Angeles is pursuant to an agreement with the City of Los Angeles, dated June 26, 2008, or City of Los Angeles Agreement.

Our total revenues increased by \$716,650, or 1,194.4%, to \$776,750 for the quarterly period ended March 31, 2009 as compared to \$60,000 for the quarterly period ended March 31, 2008. We reported a net loss of \$602,528 for the quarterly period ended March 31, 2009 as compared to a net loss of \$56,240 for the quarterly period ended March 31, 2008. We experienced increased expenses in 2009 associated with the ramp up of our business, including leasing production facilities in Harbor City, California, hiring full-time senior management and production personnel. Additionally, we incurred significant additional legal, accounting, auditing and consulting expenses relating to the annual audit of SEC reporting requirements. While our business activities resulted in a revenue increase of approximately 1,194%, we experienced increased cost of revenues of \$736,174, or 6,432%, and increased operating and other expenses of \$526,764, or 503%, over the same period in 2008.

Merger Transaction

On October 24, 2008, we completed an Agreement and Plan of Merger, or Merger Transaction, with Balqon Corporation, a California corporation, or Balqon California, and changed our name from BMR Solutions, Inc. to Balqon Corporation. Upon completion of the Merger Transaction, we acquired the business of Balqon California. In connection with the Merger Transaction, we issued an aggregate of 23,908,348 shares of our common stock to the shareholders of Balqon California which resulted in a change in control of our company. The Merger Transaction has been accounted for as a recapitalization of Balqon California, with Balqon California being the accounting acquiror. As a result, the historical financial statements of Balqon California are now the historical financial statements of the legal acquiror, Balqon Corporation (formerly, BMR Solutions, Inc.).

In connection with the Merger Transaction, we issued an aggregate of 23,908,348 shares of our common stock to the shareholders of Balqon California. In addition, the holders of warrants to acquire an aggregate of 2,614,180 shares of common stock of Balqon California were deemed to hold warrants to acquire an equal number of shares of our common stock upon completion of the Merger Transaction. In connection with the Merger Transaction, we also issued under our 2008 Plan options to purchase an aggregate of 4,562,592 shares of our common stock to certain of our directors and employees who held options to purchase an equal number of shares of Balqon California's common stock immediately prior to the completion of the Merger Transaction. In connection with the consummation of the Merger Transaction, we cancelled 6,377,500 shares of our issued and outstanding common stock held by certain of our stockholders such that concurrent with the closing of the Merger Transaction we had approximately 1,400,000 shares of common stock issued and outstanding.

At the time of the closing of the Merger Transaction, we were engaged in the business of providing local delivery and transportation of mattresses, furniture and futons in Southern California. Our current business is comprised solely of the business of Balqon California.

Critical Accounting Policies

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of our financial statements:

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Material estimates relate to the recognition of contract revenues and estimated costs to complete contracts in process, and recoverability of reported amounts of long-lived assets. Actual results may differ from those estimates.

Revenues

Contract Revenue and Cost Recognition on Prototype Vehicles. In accounting for contracts, we follow the provisions of the AICPA's Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts." We recognize revenues using the percentage-of-completion method of accounting by relating contract costs incurred to date to the total estimated costs at completion. This method is used because management considers costs to be the best available measure of progress on its contracts. Contract losses are provided for in their entirety in the period that they become known, without regard to the percentage-of-completion. We also recognize as revenues costs associated with claims and unapproved change orders to the extent it is probable that such claims and change orders will result in additional contract revenue, and the amount of such additional revenue can be reliably estimated.

Contract costs include all direct material and labor costs. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues earned.

Sales of Production Units and Parts. We recognize revenue from the sale of completed production units and parts when there is persuasive evidence that an arrangement exists, delivery of the product has occurred and title has passed, the selling price is both fixed and determinable, and collectibility is reasonably assured, all of which generally occurs upon shipment of our product or delivery of the product to the destination specified by the customer.

We determine whether delivery has occurred based on when title transfers and the risks and rewards of ownership have transferred to the buyer, which usually occurs when we place the products with the buyer's carrier. We regularly review its customers' financial positions to ensure that collectibility is reasonably assured. Except for warranties, we have no post-sales obligations.

Product Warranties

We provide limited warranties for parts and labor at no cost to its customers within a specified time period after the sale. We estimate the actual historical warranty claims coupled with an analysis of unfulfilled claims at the balance sheet date. As of March 31, 2009, we had no warranty reserve nor did we incur warranty expenses during the three month periods ended March 31, 2009 or 2008.

Stock-Based Compensation

We periodically issue stock instruments, including shares of our common stock, stock options and warrants to purchase shares of our common stock to employees and non-employees in non-capital raising transactions for services and for financing costs. We adopted Statement of Financial Accounting Standards, or SFAS, No. 123(R), "Accounting for Stock-Based Compensation" effective January 1, 2006, and are using the modified prospective method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS No. 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of SFAS No. 123(R) for all awards granted to employees prior to the effective date of SFAS No. 123(R) that remain unvested on the effective date. We account for stock option and warrant grants issued and vesting to non-employees in accordance with Emerging Issues Task Force, or EITF, Issue No. 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," and EITF Issue No. 00-18, "Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees" whereby the fair value of the stock compensation is based on the measurement date as determined at either (i) the date at which a performance commitment is reached, or (ii) at the date at which the necessary performance to earn the equity instrument is complete.

Goodwill and Intangible Assets

As required by SFAS No. 142, management performs impairment tests of goodwill and indefinite-lived intangible assets whenever an event occurs or circumstances change that indicate impairment has more likely than not occurred. Also, as required by SFAS No. 142, management performs impairment testing of goodwill and indefinite-lived intangible assets at least annually.

In accordance with SFAS No. 142, management tests goodwill for impairment at the reporting unit level. We have only one reporting unit. At the time of goodwill impairment testing, management determines fair value through the use of a discounted cash flow valuation model incorporating discount rates commensurate with the risks involved its reporting unit. If the calculated fair value is less than the current carrying value, impairment may exist. The use of a discounted cash flow valuation model to determine estimated fair value is common practice in impairment testing in the absence of available domestic and international transactional market evidence to determine the fair value. The key assumptions used in the discounted cash flow valuation model for impairment testing include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates are set by using the Weighted Average Cost of Capital, or WACC, methodology. The WACC methodology considers market and industry data as well as Balqon-specific risk factors for each reporting unit in determining the appropriate discount rates to be used. The discount rate utilized is indicative of the return an investor would expect to receive for investing in such a business. Operational management, considering industry and Balqon-specific historical and projected data, develops growth rates and cash flow projections for Balqon. Terminal value rate determination follows common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and low long-term growth rates. As an indicator that each reporting unit has been valued appropriately through the use of the discounted cash flow valuation model, the aggregate fair value of all reporting units is reconciled to our total market capitalization. The discounted cash flow valuation methodology and calculations will be used in 2009 impairment testing. Our first measurement period will be in the third quarter of 2009.

Impairment of Long-Lived Assets

SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” establishes guidelines regarding when impairment losses on long-lived assets, which include property and equipment, should be recognized and how impairment losses should be measured. This statement also provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale. We periodically review, at least annually, such assets for possible impairment and expected losses. If any losses are determined to exist they are recorded in the period when such impairment is determined. Based upon management’s assessment, there are no indicators of impairment of our long lived assets at March 31, 2009 or December 31, 2008.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, “Accounting for Income Taxes.” Under SFAS No. 109, income taxes are recognized for the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets are recognized for the future tax consequences of transactions that have been recognized in our financial statements or tax returns. A valuation allowance is provided when it is more likely than not that some portion or the entire deferred tax asset will not be realized.

Results of Operations

We have based our financial statements on the assumption of our operations continuing as a going concern. As of March 31, 2009, we had working capital deficit of \$344,503, had an accumulated deficit of \$8,623,383 and reported a net loss for the quarterly period ended March 31, 2009 of \$602,528, which raise substantial doubt about our ability to continue as a going concern. Our plans for correcting these deficiencies include the future sales of our products and technologies and the raising of capital, which are expected to help provide us with the liquidity necessary to meet operating expenses. Between April 1, 2009 and May 20, 2009 we raised \$315,000 in connection with a private placement of our convertible notes and warrants. Over the longer-term, we plan to achieve profitability through our operations from the sale of our high capacity electric vehicles. Our financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue our existence.

The tables presented below, which compare our results of operations for the first quarter of 2009 and 2008, present the results for each period, the change in those results from one period to another in both dollars and percentage change, and the results for each period as a percentage of net revenues. The columns present the following:

- The first two data columns in each table show the absolute results for each period presented.
- The columns entitled “Dollar Variance” and “Percentage Variance” show the change in results, both in dollars and percentages. These two columns show favorable changes as a positive and unfavorable changes as negative. For example, when our net revenues increase from one period to the next, that change is shown as a positive number in both columns. Conversely, when expenses increase from one period to the next, that change is shown as a negative in both columns.

- The last two columns in each table show the results for each period as a percentage of net revenues.

	Three Months ending March 31,		Dollar Variance Favorable (Unfavorable)	Percentage Variance Favorable (Unfavorable)	Results as a Percentage of Net Revenues for the Three Months ending March 31,	
	2009	2008			2009	2008
	Net revenues	\$ 776,650			\$ 60,000	\$ 716,650
Cost of revenues	747,620	11,446	(736,174)	(6,432)%	96%	19%
Gross profit	29,030	48,554	(19,524)	(40)%	4%	81%
Operating and interest expenses	631,558	104,794	(526,764)	(503)%	81%	175%
Net loss	\$ (602,528)	\$ (56,240)	\$ (546,288)	(971)%	(78)%	(94)%

Net Revenues. The increase in net revenues is comprised of the sale of a battery charger system and two electric trucks for \$776,650. We anticipate that our future revenues will be comprised of primarily of sales of our heavy-duty electric vehicles, flux vector inverters and our other products to customers including the City of Los Angeles.

Gross Profit. The decrease in gross profit was due to a 3.7% gross margin associated with the sales of a battery system and electric trucks during the first quarter of 2009 compared to a 81% gross margin associated with contract revenues earned under the AQMD Development Agreement during the first quarter of 2008. The decrease in gross margin during 2009 was largely attributable to the startup of our electric truck manufacturing facility that resulted in unused plant capacity, excess direct labor, and other manufacturing overhead being charged to cost of sales during the quarter ended March 31, 2009. We anticipate that our gross profit margin will be approximately 24% of revenues for 2009 based on the current costs incurred associated with the 25 electric vehicles for the Port of Los Angeles that are currently under production at our Harbor City facility.

Operating and Interest Expenses. The \$526,764 increase in operating and interest expenses was due largely to the legal, accounting, audit and consulting fees incurred in connection with the annual audit and related filings with the SEC that were made during the quarterly period ended March 31, 2009. We expect that over the near term, our general and administrative expenses will increase as a result of increased management personnel, opening of new manufacturing facilities, additional operational personnel to manufacture electric vehicle, increased legal and accounting fees associated with increased corporate governance activities in response to the Sarbanes-Oxley Act of 2002 and recently adopted rules and regulations of the SEC and the filing of an amended registration statement with the SEC. Our research and development expenses for the quarterly period ended March 31, 2009 were \$60,945. We had no research and development expenses during the quarterly period ended March 31, 2008. The increase in research and development expenses is largely attributable to the expenses associated with the employment of our vice president of research and development who was hired during the year ended December 31, 2008. While our general and administrative expenses are expected to increase over the near term, these expenses as a percentage of net revenues are expected to decrease as we increase our net revenues.

Liquidity and Capital Resources

During the first quarter of 2009, we funded our operations primarily with cash flow from financing activities, which included the issuance of secured and unsecured debt and the issuance of equity securities. As of March 31, 2009, we had a working capital deficiency of \$344,203 as compared to a working capital of \$194,074 at December 31, 2008. At March 31, 2009 and December 31, 2008 we had an accumulated deficit of \$8,623,383 and \$8,020,855, respectively, and cash and cash equivalents of \$39,749 and \$355,615, respectively.

Our available capital resources at March 31, 2009 consisted primarily of approximately \$39,749 in cash and cash equivalents. We expect that our future available capital resources will consist primarily of cash on hand, cash generated from our business, if any, and future debt and/or equity financings, if any.

Cash used in operating activities for the three months ended March 31, 2009 was \$844,043 as compared to \$2,754 of cash provided by operating activities for the three months ended March 31, 2008, and includes a net loss of \$602,528, depreciation and amortization of \$23,238 and changes in operating assets and liabilities of \$(264,753). Material changes in asset and liabilities at March 31, 2009 as compared to December 31, 2008 that affected these results include:

- an increase in accounts receivable of \$775,750;
- a decrease in inventory of \$434,609;
- a decrease in prepaid expenses of \$21,058; and
- a net increase in accounts payable and accrued expenses of \$55,330.

Cash used in investing activities totaled \$8,986 for the first quarter of 2009 as compared to \$0 of cash used in investing activities for the first quarter of 2008.

Cash provided by financing activities totaled \$537,163 for the first quarter of 2009 as compared to \$2,448 for the first quarter of 2008.

Between March 1, 2009 and May 20, 2009, we raised an aggregate of \$365,000 through the issuance of convertible notes to 18 accredited investors. The convertible notes are convertibles into an aggregate of 365,000 shares of our common stock. In connection with this offering, we also issued three-year warrants to purchase an aggregate of 365,000 shares of common stock at an exercise price of \$1.50 per share.

We are obligated under registration rights agreements related to above described private placement to file a registration statement with the SEC, registering for resale the shares of common stock underlying the convertible notes and warrants issued in the private placement transaction.

Effective February 18, 2009, we entered into a Business Financing Agreement with Bridge Bank, National Association. Effective February 26, 2009, we entered into a Business Financing Modification Agreement which modified the initial financing agreement with Bridge Bank. The amended financing agreement with Bridge Bank provides us with an accounts receivable based credit facility in the aggregate amount of up to \$5,000,000. Under the terms of the credit facility, we may not borrow in excess of \$500,000 unless and until we receive an executed term sheet with respect to an equity financing of at least \$2,500,000 on terms and conditions acceptable to Bridge Bank.

The credit facility is formula-based and generally provides that the outstanding borrowings under the credit facility may not exceed an aggregate of 80% of eligible accounts receivable. We must immediately pay any advance made under the credit facility within 90 days of the earlier of (i) the invoice date of the receivable that substantiated the advance or (ii) the date on which the advance was made.

Interest on the credit facility is payable monthly. The interest rate is variable and is adjusted monthly based on the per annum prime rate as published by Bridge Bank plus two percentage points, subject to a minimum rate of 6.0% per annum.

In the event of a default and continuation of a default, Bridge Bank may accelerate the payment of the principal balance requiring us to pay the entire indebtedness outstanding on that date. Upon the occurrence and during the continuation of an event of default, the interest rate applicable to the outstanding balance borrowed under the credit facility will be increased by five percentage points above the per annum interest rate that would otherwise be applicable.

The credit facility is secured by a continuing first priority security interest in all of our personal property (subject to customary exceptions). The credit facility may be terminated at any time by either party. If we terminate the credit facility prior to February 18, 2010, we will owe a termination fee equal to 1.00% of the dollar amount resulting from dividing the credit limit then in effect under the credit facility by 80% (or such greater or lesser percentage as Bridge Bank may establish from time to time).

Our plan of operations for the next twelve months includes completion and delivery of the remaining heavy-duty electric vehicles under the City of Los Angeles Agreement, together with associated equipment including batteries and controllers. We also expect to receive additional orders for our products over the next twelve months. We expect that the anticipated gross margin from the sales of these products will provide additional liquidity and capital resources. Our ability to increase the number of orders for our products and/or to achieve sufficient gross margin through the sale of products to provide us with meaningful additional liquidity and capital resources is subject to, among other things, the effect of the current global economic crisis and our ability to raise additional capital.

During 2009, we expect to incur approximately \$200,000 in research and development expenses. We believe that we presently have sufficient plant and production equipment to meet our current operational plan and we do not intend to dispose of any plant and equipment.

We presently have seven employees and expect to hire additional personnel to meet production demands of increased product sales. Until these new sales materialize, our present staff is sufficient to meet our current operational plan.

Our continued operations are dependent on securing additional sources of liquidity through debt and/or equity financing. As indicated above, our financial statements as of March 31, 2009 and for the year ended December 31, 2008 have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As discussed in this report and in notes to our financial statements included in this report, we have suffered recurring losses from operations and at March 31, 2009 we had an accumulated deficit of \$8,623,382. These factors, among others, raised substantial doubt about our ability to continue as a going concern and, with respect to our financial position on December 31, 2008, led our independent registered public accounting firm to include in their report an explanatory paragraph related to our ability to continue as a going concern. The financial statements included in this report do not include any adjustments that might result from the outcome of this uncertainty.

We have been, and currently are, working toward identifying and obtaining new sources of financing. No assurances can be given that we will be successful in obtaining additional financing in the future. Any future financing that we may obtain may cause significant dilution to existing stockholders. Any debt financing or other financing of securities senior to common stock that we are able to obtain will likely include financial and other covenants that will restrict our flexibility. At a minimum, we expect these covenants to include restrictions on our ability to pay dividends on our common stock. Any failure to comply with these covenants would have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

If adequate funds are not available, we may be required to delay, scale back or eliminate portions of our operations and product and service development efforts or to obtain funds through arrangements with strategic partners or others that may require us to relinquish rights to certain of our technologies or potential products or other assets. Accordingly, the inability to obtain such financing could result in a significant loss of ownership and/or control of our proprietary technology and other important assets and could also adversely affect our ability to fund our continued operations and our product and service development efforts.

Backlog

As of March 31, 2009, we had a backlog of approximately \$4.9 million. As of March 31, 2009, our backlog included a contract to produce and deliver 19 electric yard tractors, 5 electric drayage tractors, and associated equipment including batteries and controllers. We believe that products in our backlog will be shipped during 2009.

Effects of Inflation

The impact of inflation and changing prices has not been significant on the financial condition or results of operations of our company.

Impacts of New Accounting Pronouncements

In December 2007, SFAS No. 141R, "Business Combinations (revised 2007)" was issued. SFAS No. 141R replaces SFAS No. 141 "Business Combinations." SFAS No. 141R requires the acquirer of a business to recognize and measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at fair value. SFAS No. 141R also requires transactions costs related to the business combination to be expensed as incurred. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The effective date, as well as the adoption date for Balqon was January 1, 2009. Although SFAS No. 141R may impact our reporting in future financial periods, we have determined that the standard did not have any impact on our historical consolidated financial statements at the time of adoption.

In April 2008, the Financial Accounting Standards Board, or FASB, issued FASB Staff Position, or FSP, No. 142-3, "Determination of the Useful Life of Intangible Assets", which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142. This pronouncement requires enhanced disclosures concerning a company's treatment of costs incurred to renew or extend the term of a recognized intangible asset. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The effective date, as well as the adoption date for us was January 1, 2009. Although FSP 142-3 may impact our reporting in future financial periods, we have determined that the standard did not have any impact on our historical consolidated financial statements at the time of adoption.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Not applicable.

ITEM 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, our principal accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of March 31, 2009 that our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure that our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations, changes in shareholder’s equity and cash flows for the periods presented.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and reporting. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency (within the meaning of Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 5) or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2009 based on the framework in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of management’s assessment and evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2009 our internal control over financial reporting was not effective due to the material weaknesses described below

Material Weaknesses

1. In conjunction with preparing our registration statement on Form S-1, and after receiving comments from the Staff of the SEC relating to our registration statement on Form S-1, management reviewed, in the first quarter of 2009, our recording of the value of stock-based compensation awarded in June and August 2008, and the recording of a note discount related to a beneficial conversion feature and associated warrants issued with certain convertible notes during 2008. As a result of this review, management concluded that our controls over the key valuation assumptions of our stock-based compensation and note discount related to a beneficial conversion feature and associated warrants issued with convertible notes were not in accordance with generally accepted accounting principles and that our expenses for the year ended December 31, 2008 and for each of the quarterly periods ended June 30, 2008 and September 30, 2008, had been misstated. Based upon this conclusion, our Audit Committee and senior management decided, in the second quarter of 2009, to restate our financial statements as of and for the year ended December 31, 2008 and for each of the quarterly periods ended June 30, 2008 and September 30, 2008.

Management evaluated the impact of this restatement on our assessment of our disclosure controls and procedures and concluded that the control deficiency that resulted in the incorrect recording of stock-based compensation and note discount related to a beneficial conversion feature and associated warrants issued with convertible notes represented a material weakness.

2. As a result of our restatement of prior periods’ financial results, as discussed above, we were unable to meet our requirements to timely file our Form 10-Q for the quarterly period ended March 31, 2009. Management evaluated the impact of our inability to timely file periodic reports with the SEC on our assessment of disclosure controls and procedures and concluded that the control deficiency that resulted in the inability to timely make these filings represented a material weakness.

Remediation of Material Weaknesses

To remediate the material weaknesses identified above, we have done the following subsequent to December 31, 2008, in the periods specified below, which correspond to the two material weaknesses identified above.

1. We revised our methodology for recording the value of stock-based compensation and the recording of note discount related to a beneficial conversion feature and associated warrants issued with convertible notes. We previously valued the stock, options, and warrants associated with compensation and convertible notes based on an alternative valuation methodology that was determined by management with assistance from an independent third party valuation specialist during a time when the company was still a private enterprise. Upon further examination of our valuation methodology and largely in consideration of the sales in July and September of convertible notes with a \$1.00 per share conversion price, we concluded that the \$1.00 valuation per share was a better indicator of value than the \$0.015 per share valuation that was determined under the alternative valuation methodology previously used by us. We have determined the effect of the correction on our previously issued financial statements and have restated our financial statements for the year ended December 31, 2008 and quarterly periods ended June 30, 2008 and September 30, 2008. The revision of our valuation methodology as it relates to stock-based compensation and the recording of note discount related to a beneficial conversion feature and associated warrants issued with convertible notes was completed in the second quarter of 2009. We began using this new methodology for the quarter ended June 30, 2008 and all periods included in this report now reflect this change. In addition, this methodology applies to all periods subsequent to December 31, 2008.

Management believes that the remediation described in item 1 immediately above has remediated the corresponding material weakness also described above.

2. In connection with making the changes discussed above to our disclosure controls and procedures, in addition to working with our independent auditors, in the second quarter of 2009 we created a new position – Corporate Compliance Director – to assist us in making timely required filings with the Securities and Exchange Commission and ensuring the accuracy of our financial reporting and the effectiveness of our disclosure controls and procedures. The individual that we have assigned to the position of Corporate Compliance Director holds both a bachelors and masters degree, is a certified public accountant, and is experienced in compliance with generally accepted accounting principles, SEC reporting, and taxation matters. In the second quarter of 2009 we further improved our ability to timely make required filings by allocating part of the time of our administrative assistant who possesses relevant administrative and accounting experience to assist in promptly compiling information needed to meet our disclosure controls and procedures. Also in the second quarter of 2009 we established a Disclosure Committee comprised of the CFO, Corporate Compliance Director, and the administrative assistant. It is anticipated that the Disclosure Committee will meet monthly and more frequently as reporting deadlines approach, to ensure that we comply timely with our disclosure obligations under the Securities Exchange Act of 1934, as amended.

Management expects that the remediation described in item 2 immediately above will remediate the corresponding material weakness also describe above by December 31, 2009. Management is unable, however, to estimate our capital or other expenditures associated with the allocation of time of certain of our personnel to assist us in generating reports and schedules necessary to timely file our periodic reports or our additional capital or other expenditures related to higher fees paid to our independent auditors in connection with their review of this remediation.

Inherent Limitations on the Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not party to any legal proceedings.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed under “Risk Factors” in our Amendment No. 1 to our Annual Report on Form 10-K for December 31, 2008 filed with the SEC on May 22, 2009, which could materially affect our business, financial condition and results of operations. The risks described in our Amendment No. 1 to our Annual Report on Form 10-K for December 31, 2008 filed with the SEC on May 22, 2009 are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2009, we entered into agreements with 3 accredited investors for the sale by us of an aggregate of \$50,000 of 10% Unsecured Subordinated Convertible Promissory Notes which are convertible into an aggregate of 50,000 shares of our common stock at a conversion price of \$1.00 per share of common stock, subject to adjustment. Additionally, we issued three-year warrants to purchase an aggregate of 50,000 shares of common stock at an exercise price of \$1.50 per share.

The issuances of our securities described above were made in reliance upon the exemption from registration available under Section 4(2) of the Securities Act, among others, as transactions not involving a public offering. This exemption was claimed on the basis that these transactions did not involve any public offering and the purchasers in each offering were accredited or sophisticated and had sufficient access to the kind of information registration would provide. In each case, appropriate investment representations were obtained and certificates representing the securities were issued with restrictive legends.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

On August 28, 2008 Balqon California into a Stock and Warrant Purchase Agreement with Marlin Financial Group, Inc., which agreement we assumed in connection with the Merger Transaction and amended on March 30, 2009. On May 21, 2009, we entered into Amendment No. 2 to Stock and Warrant Purchase Agreement with Marlin Financial Group, Inc. pursuant to which a contractual agreement between us and Marlin Financial Group, Inc. which restricted the ability of Marlin Financial Group, Inc. to dispose of or transfer our securities. The foregoing summary of the terms of the Amendment No. 2 to Stock and Warrant Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the agreement filed as an exhibit to this report or incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number Description

- | | |
|------|---|
| 10.1 | Business Financing Agreement, dated February 18, 2009, between Bridge Bank, National Association and the Company (1) |
| 10.2 | Business Financing Modification Agreement, dated February 26, 2009, between Bridge Bank, National Association and the Company (1) |
| 10.3 | Amendment No. 2 to Stock and Warrant Purchase Agreement, dated May 21, 2009, by and between Marlin Financial Group, Inc. and Registrant (2) |
| 31.1 | Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*) |
| 31.2 | Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*) |
| 32.1 | Certification of President and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*) |

(*) Filed herewith.

(1) Filed as an exhibit to the Registrant's Current Report on Form 8-K with the Securities and Exchange Commission filed on March 3, 2009.

(2) Filed as an exhibit to the Registrant's Amendment No. 1 to Annual Report on Form 10-K with the Securities and Exchange Commission filed on May 22, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALQON CORPORATION

Dated: May 22, 2009

By: /s/ BALWINDER SAMRA
Balwinder Samra, Chief Executive Officer
(principal executive officer)

EXHIBITS FILED WITH THIS REPORT

Exhibit Number	Description
31.1	Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes–Oxley Act of 2002
31.2	Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes–Oxley Act of 2002
32.1	Certification of President and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

EXHIBIT 31.1

CERTIFICATION

I, Balwinder Samra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Balqon;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2009

/s/ BALWINDER SAMRA

Balwinder Samra,
Chief Executive Officer (principal executive officer)

EXHIBIT 31.2

CERTIFICATION

I, Robert J. Miranda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Balqon;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2009

/s/ROBERT J. MIRANDA

Robert J. Miranda,
Chief Financial Officer
(principal financial and accounting officer)

EXHIBIT 32.1

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Balqon Corporation (the "Company") for the period ended March 31, 2009 (the "Report"), the undersigned hereby certify in their capacities as Chief Executive Officer and Chief Financial Officer of the Company, respectively, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 22, 2009

By: /s/ BALWINDER SAMRA

Balwinder Samra
President and Chief Executive Officer
(principal executive officer)

Dated: May 22, 2009

By: /s/ ROBERT J. MIRANDA

Robert J. Miranda
Chief Financial Officer
(principal financial and accounting officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.